

K. FACILITY VALUATION (BOV) REPORTS



VACHCS – West Side

820 S. Damen

Chicago, IL 60612

Broker's Opinion of Value

Prepared by: CB Richard Ellis

April 16, 2001

WEST SIDE

BROKER'S OPINION OF VALUE

CB Richard Ellis ("CBRE") was engaged by Booz+Allen ("Client") to give a broker's opinion of value on the current market value of the fee simple interest of the property commonly known as [REDACTED]. This valuation is simply a broker's opinion and should you require a more detailed valuation, we would strongly suggest that you have a formal appraisal completed on the Property.

It is important to understand that our direction was to give an opinion on what the Property would be worth if it was sold in an “as is” condition and based on the assumptions previously provided.

It is our understanding that this BOV will be used for internal decision making purposes by the VA. All statements of fact in this BOV report(s) which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of CBRE's knowledge and belief. CBRE may rely upon the accuracy of information obtained from others and material furnished to CBRE by Client.

In this BOV, we evaluated the following property:

VACHCS – West Side

- The 730,680 S.F. property includes twenty-one (21) separate buildings, however, the main buildings include:
- * 820 S. Damen
Chicago, Illinois

This building consists of the Main Hospital and the newer Outpatient Clinic/Ambulatory Care building.

The process undertaken in this assignment is to do a complete broker's opinion of value presented in a summary report format. The report includes a summary description of the Property's location, site, and improvements, along with a summary of value analysis necessary to convey our broker's opinion(s) of value. Photographs, maps, and other pertinent exhibits have been included. Supporting data relating to the comparables and our valuation analysis will be retained in our files.

Our broker's opinion of value is based on both the cost and sales comparison approaches to value, as applicable, correlating our findings into a final value conclusion. However, it is important to consider that the reliability of the sales comparison approach is limited due to the somewhat specialized nature of the properties and the quality of truly comparable sales data available in this location. The value estimate(s) included in the report are as follows:

Market value "as-is" - the BOV will contain the following information

- Age of the Property
- Size of the Property
- General description of site improvements
- Area Information

- Reconciliation and final value estimate

THE PROPERTY

The Property consists of 13 acres of land on which are located twenty-one (21) separate buildings totaling 730,680 square feet.

The Property is bound by:

1. Taylor Street (south)
2. Ogden Avenue (western diagonal)
3. Polk Street (north)
4. Damen Avenue (east)

Of the twenty-one (21) buildings, several of which are slated for demolition, the main buildings include the Main Hospital building and the newer Outpatient Clinic/Ambulatory Care. The main buildings account for 708,309 S.F. or 92% of the total property-owned square footage at West Side.

AREA INFORMATION

The Near West Side Community is one of the oldest, and most diverse of Chicago's 72 community areas. It is one of the most dynamic areas in the city for real estate redevelopment. Also known as Community Area 28, the Near West Side is bounded by Kinzie on the north, 16th Street on the south, the Chicago River on the east, and Rockwell on the west. Community Area 28 encompasses 5 square miles or 3,200 acres.

VACHCS-West Side is located in the heart of The Illinois Medical District, which is 2.5 miles from the City's Central Business District and has 4,638 feet of frontage on the Eisenhower Expressway providing excellent highway access to the area.

Situated on over 560 acres, the Illinois Medical District contains 4,200 hospital beds, 25,000 employees, 75,000 daily visitors, 5.0 million patients annually, and \$217.0 million worth of research. Over the next 10 to 15 years, more than 14.0 million square feet of new construction, valued at more than \$4.0 billion is anticipated within the IMD.

Governed by the Illinois Medical District Commission, the seven member body charged with operating the Chicago Technology Park, is responsible for assembling and redeveloping land to enhance the district, and coordinating services like security and transportation in amongst the institutions within the District.

The District includes four major medical centers, six hospitals and federal, state, county and city health and human service agencies. The District was created to provide its member institutions with the land and proper environment for medical research. Member Institutions have a substantial investment in the District in terms of facilities; financial investment and human resources. The major Member Institutions include:

- Rush-Presbyterian-St. Luke's Medical Center
- Cook County Bureau of Health & Human Services
- University of Illinois at Chicago

- VA Lakeside/West Side Medical Center
- State of Illinois
- City of Chicago
- Cook County Hospital

Also located within the Illinois Medical District is the Chicago Technology Park, including the University of Illinois at Chicago, the Illinois State Police Crime Laboratory, and over 100,000 S.F. of incubator and development facilities for new biotechnology firms.

In an effort to further development, and to address the complex requirements of 21st Century technology-based businesses, a 17-acre parcel known as the Chicago Technology Campus has been prepared by the State of Illinois to attract and appeal to leading-edge companies with the prospect of developing more than 1.0 million square feet of new research, biomedical and/or commercial properties.

Other than medical/hospital use, other possible alternative use for the West Side would be:

- General Office Use
- Bio-tech/Research Use
- Medical School Use

A. General Office Use- Due to the availability of office zoned land in more of an "office" environment, the building design, the property age, and the existing conditions the existing building(s) or site would not be a likely site for a standard office user. Even if you could entice a user to consider the building, the cost to retrofit for general office use would be prohibitive and thus drive down the value of the asset.

B. Bio-tech/Research Use- The existing property could be converted to bio-tech or medical research, however, due to the availability of developable land for said use, the cost to retrofit the existing structures may be cost prohibitive.

C. Medical School Use- The existing property could be converted to school use, however, the cost to retrofit the existing structures may be cost prohibitive. In addition, nearby there is a vacant 10-story, 170,000 S.F. medical school (formerly Chicago Medical School), which may become available for sale or redevelopment.

Given the availability of vacant land (\pm 17 acres) found at the Chicago Technology Campus, any alternative use presented above as part of a renovation of the existing improvements would be evaluated against a build-to-suit scenario on the vacant land.

Consequently, the existing medical use, especially the newer clinic building, is the highest and best use for the Property.

There are components of the existing site that should be demolished. The current parking problem for the existing demand suggests the need for a parking structure (or additional land for at-grade parking). The parking issue would be a critical component to understanding any redevelopment options of the site.

Comparable sales of medical/hospital use properties in both the suburban and urban areas have ranged between \$29.00 to \$244.00/s.f. Taking into consideration the Property's location, age (older and newer building), it is our opinion the Property is worth between \$80.00 to \$101.00/s.f. which is a blended value for the newer Outpatient Clinic/Ambulatory Care building and the older Main Hospital.

Alternatively, while with leaving the clinic building intact, the existing older hospital building located at the southwest corner of Damen and Polk could be to demolished, and that 3.2 acre site sold.

This land parcel would compete with the 17-acre land parcel commonly referred to as the Chicago Technology Campus. We understand that the Illinois Medical District ("IMD"), whose commission controls the land, has not, to date, been interested in selling the land. In contrast to the previous policy of only leasing land, we have been told the land may now be purchased outright; the asking price is \$17.00/s.f.

Consequently, if the land were to be sold as a redevelopment opportunity, the 3.2-acre land site would be worth \$15.00 to \$17.00/s.f.

The Outpatient Clinic/Ambulatory Care buildings (374,606 S.F.) on a standalone basis would have a value of \$135.00 to \$165.00/s.f.

VALUATION

1. Main Hospital Building and Outpatient Clinic/Ambulatory Care

The total building area of the Main Hospital and Outpatient Clinic/Ambulatory Care is 671,518 S.F. The total building area – **Value of \$80.00 to \$101.00/s.f. or \$53,721,440 to \$67,823,318**

2. Land Beneath Main Hospital – Sold Separately

Outpatient Clinic/Ambulatory Care – Remain Intact

The total land area is 3.2 acres (139,392/s.f.) - **Value of \$15.00 to \$17.00/s.f. or \$2,090,880 to \$2,369,664.**

The total building area of 374,606 S.F. – **Value of \$135.00 to \$165.00/s.f. or \$50,571,810 to \$61,809,990**

FOR A COMBINED VALUE OF \$52,662,690 to \$64,179,654.

VACHCS – Lakeside



333 E. Huron Chicago, IL 60611



**400 E. Ontario
Chicago, IL 60611**

Broker's Opinion of Value

**Prepared by: CB Richard Ellis
April 16, 2001**

LAKESIDE**BROKER'S OPINION OF VALUE**

CB Richard Ellis ("CBRE") was engaged by Booz·Allen ("Client") to give a broker's opinion of value on the current market value of the fee simple interest of the property commonly known as **VACHCS – Lakeside ("Property")**. This valuation is simply a broker's opinion and should you require a more detailed valuation, we would strongly suggest that you have a formal appraisal completed on the Property.

It is important to understand that our direction was to give an opinion on what the Property would be worth if it was sold in an "as is" condition and based on the assumptions previously provided.

It is our understanding that this BOV will be used for internal decision making purposes by the VA. All statements of fact in this BOV report(s) which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of CBRE's knowledge and belief. CBRE may rely upon the accuracy of information obtained from others and material furnished to CBRE by Client.

In this BOV, we evaluated the following property:

VACHCS – Lakeside

The Property includes two (2) separate buildings:

- 333 E. Huron
Chicago, Illinois,

a fifteen (15) story, 607,989 S.F. building (includes contiguous 3-story, 41,793 S.F. Annex Building) is situated on 3.8 acres of land and,
- 400 E. Ontario
Chicago, Illinois,

a 47,278 S.F., 3-story building is located at the NEC of Ontario and McClurg Ct.

The process undertaken in this assignment is to do a complete broker's opinion of value presented in a summary report format. The report includes a summary description of the Property's location, site, and improvements, along with a summary of value analysis necessary to convey our broker's opinion(s) of value. Photographs, maps, and other pertinent exhibits have been included.

Our broker's opinion of value is based on both the cost and sales comparison approaches to value, as applicable, correlating our findings into a final value conclusion. However, it is important to consider that the reliability of the sales comparison approach is limited due to the somewhat specialized nature of the properties and the quality of truly comparable sales data available in this location. The value estimate(s) included in the report are as follows:

Market value "as-is" - the BOV will contain the following information

- Age of the Property
- Size of the Property
- General description of site improvements
- Area Information
- Reconciliation and final value estimate

THE PROPERTY

1. Main Hospital & Annex (Buildings 1 and 1A) **333 E. Huron** **Chicago, Illinois**

The Property consists of 3.8 acres of land (165,528 S.F.) and is improved with a fifteen (15) story, 566,196 S.F. hospital building and an adjacent 41,973 S.F., 3-story Annex building.

The Property is bound by:

- Erie (south)
- Fairbanks (west)
- Huron (north)
- McClurg Ct. (east)

2. Medical Research (Building 9) **400 E. Ontario** **Chicago, Illinois**

This Property sits on \pm 15,000 S.F. of land (estimate) and is improved with a 3-story, 47,278 S.F. building currently used for medical research.

AREA INFORMATION

VACHCS – Lakeside is located in the heart of the downtown Chicago neighborhood known as Streeterville. Streeterville's boundaries include Lake Michigan to the east, Oak Street to the north, the Chicago River to the south, and the east side of Michigan Avenue to the west. The majority of another downtown neighborhood, The Gold Coast, also falls within this area.

Housing: Landmark brownstone and graystone mansions, up-scale apartments, and condominiums provide spectacular views of the lakefront from one of Chicago's most affluent neighborhoods. About 60% of the Gold Coast/Streeterville population are renters paying between \$800 and \$3,000 a month for these luxury units. Property values average just over \$900,000 for exclusive mansions, while condominiums average around \$205,000. Nearby Streeterville offers luxury condominiums for \$275 to \$300 a square foot with prices ranging from \$40,000 to \$2.5 million. Michigan Avenue is Streeterville's most glamorous address, with prices ranging from \$399,000 to \$5 million. Cityfront Center is a Streeterville commercial-residential complex on the Chicago River. The complex features restaurants and retail shops with 13 million square feet of office space housing the new NBC Tower and 6,000 residential units.

Transportation: Travel is easy with the elaborate system of expressways and public transportation. Taxis, buses, the subway, and elevated trains make transportation convenient within the city and to and from surrounding suburbs. A direct rail line to O'Hare International Airport stops in the area. The Edens, Kennedy, Eisenhower, Stevenson, and Dan Ryan Expressways link the area with the rest of the city and suburbs.

Schools: In addition to the Chicago public schools, renowned private and parochial schools in the area offer an alternative to area residents. Private elementary schools include Montessori School Near-North. Exclusive private high schools include the Latin School of Chicago, Francis Parker School, Quigley Seminary North, and St. Ignatious College Prep. Northwestern University's Law and Medical School are also located in the Streeterville area.

Shopping: Michigan Avenue's "Magnificent Mile" is among the most elite retail districts in the nation. The "Mile" features such exclusive shops as Saks Fifth Avenue, Neiman-Marcus, Marshall Field's, and Bloomingdale's. Water Tower Place is an elaborate eight-floor indoor Mall featuring more than 120 specialty shops, several restaurants, and seven cinemas and is located adjacent to the Ritz Carlton Hotel.

Recreation: The Lakefront provides the setting for an endless array of activities, from swimming and boating to bike trails and jog paths.

Entertainment: The Lincoln Park Zoo, the Art Institute, the Field Museum of Natural History, the Museum of Science and Industry, the Adler Planetarium, and the Shedd Aquarium are located in this general area.

Hospitals: Northwestern Memorial Hospital in Streeterville is associated with Northwestern University. The 723-bed facility employs over 1,000 attending and resident medical professionals. This hospital is a designated trauma center for emergency care.

1. Main Hospital and Annex

Other than medical/hospital use, other possible alternative use for the Main Hospital Building/Annex would be:

- **General Office Use**
- **Residential Use**
- **School Use**

A. General office Use- Due to building design and property age, the existing building(s) site would not likely be a possible site for a standard office user. Even if you could entice a user to consider the building, the cost to retrofit for general office use would be prohibitive and thus drive down the value of the asset.

B. Residential Use- Even if you could get the zoning changed on this property, which is highly unlikely, this property would not work for residential. Although the property sits in an area that includes residential development, the value for the property after a retrofit could not support residential use.

C. School Use- The Main Hospital Building and/or Annex may have appeal to Northwestern University for a new medical school or to another institution of higher learning. Given the size of the site, another use would need to be combined with the school use in order to support the value of the asset.

Although the building currently operates as a hospital, given the age, building design, and existing Floor Area Ratio (F.A.R.), the value of the land on a per square foot basis (less demolition) would far outweigh the value of the building based on the comparable sales of urban hospital-related use properties. Based on the location, size of the land parcel, and the

overall submarket surrounding the property, the land would have an extremely high market value.

You will see from the attached comparable land sales that the majority of the sales that have occurred in the area are for smaller sites, with the largest being 2.394 acres.

The land sales that have occurred in the general area have had a range of \$451.38/s.f. to \$972.62/s.f. It is our opinion that if the land were to be sold, due to the size of the property and location, the property is worth between \$540.00/s.f. - \$650.00/s.f.

2. Medical Research

Other than medical research use, other possible alternative use for Building 9 would be:

- **General Office Use**
- **Retail Use**

A. General Office Use- Given the age, the current specialized configuration (medical research), the current Floor Area Ratio ("FAR"), and the cost associated with renovating the building, the value of the property after a retrofit could not support office use.

B. Retail Use- Although high-end retail boutique use can be found in the area, the value of the property could not support retail use.

Although the building currently operates as medical research use, the value of the land on a per square foot basis (less demolition) would far outweigh the above-mentioned alternative uses and/or comparable sale of medical research related properties in the urban area. Sold as an in-fill redevelopment opportunity, one potential use would be to offer additional deck parking by building a stand-alone parking deck or potentially tie into the existing parking structure located north of the property.

Because this site is only .34 acres and the smaller sites have commanded higher per square foot pricing, it is our opinion the land value for this site would be between \$600.00/s.f. and \$700.00/s.f.

VALUATION

1. Main Hospital and Annex

The total land area is 3.8 acres (165,528 S.F.) – **Value of between \$540.00 to \$650.00/s.f. or \$89,385,120 to \$107,593,200.**

2. Medical Research

A. Building Value Only

Total building area of 47,278 S.F. – Value of between \$125.00 - \$150.00/s.f. or \$5,680,625 to \$6,876,780.

B. Land Value Only

Total land area of 15,000 S.F. (Estimated) – Value of between \$600.00 - \$700.00 or \$9,000,000 to \$10,500,000.



**Edward Hines Jr. Hospital
5th Avenue & Roosevelt Road
Hines, IL 60141**

Broker's Opinion of Value

Prepared by: CB Richard Ellis

April 16, 2001

HINES

BROKER'S OPINION OF VALUE

CB Richard Ellis ("CBRE") was engaged by Booz·Allen ("Client") to give a broker's opinion of value on the current market value of the fee simple interest of the property commonly known as **Hines ("Property")**. This valuation is simply a broker's opinion and should you require a more detailed valuation, we would strongly suggest that you have a formal appraisal completed on the property.

It is important to understand that our direction was to give an opinion on what the Property would be worth if it was sold in an "as is" condition and based on the assumptions previously provided.

It is our understanding that this BOV will be used for internal decision making purposes by the VA. All statements of fact in this BOV report(s) which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of CBRE's knowledge and belief. CBRE may rely upon the accuracy of information obtained from others and material furnished to CBRE by Client.

In this BOV, we evaluated the following property:

Hines

- 5th Avenue and Roosevelt Road
Hines, Illinois

This campus, situated on over 146 acres is comprised of forty-two (42) separate buildings including the main hospital building, psychiatric hospital, supply depot, outpatient clinic, and nursing home. The total square footage owned is 2,851,465 S.F., making Hines the largest VA facility in the Chicago Metropolitan area in terms of square footage owned.

The process undertaken in this assignment was to do a complete broker's opinion of value presented in a summary report format. The report includes a summary description of the Property's location, site, and improvements, along with a summary of value analysis necessary to convey our broker's opinion(s) of value. Photographs, maps, and other pertinent exhibits have been included. Supporting data relating to the comparables and our valuation analysis will be retained in our files.

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Market value "as-is" - the BOV will contain the following information

- Age of the Property
- Size of the Property: (medical office space vs. hospital space)

- General description of site improvements
- Area Information
- Reconciliation and final value estimate

THE PROPERTY

The Property consists of approximately 146 acres of land on which are located forty-two (42) separate buildings totaling 2,851,465 square feet.

The Property is bound by:

- Cermak Road (south)
- 9th Avenue (west)
- Roosevelt Road (north)
- Loyola University Medical Center (east)

Of the forty-two (42) buildings, the main buildings include the Main Hospital, Outpatient Clinic/Research/Office building, the Psychiatric Facility, Spinal Cord Injury Unit, Nursing Home, Data Processing, Administration and the Supply Depot.

These eight (8) buildings account for 2,188,481 S.F. or 77% of the total property-owned building square footage on the site.

The balance of the Property includes improved and unimproved land sites, and smaller 1 to 3-story brick buildings, some of which may be necessary to the operation of the main buildings.

AREA INFORMATION

The area surrounding **Hines** is characterized by many uses – *industrial* to the west and northwest, *residential* to the north, south and west, *medical* (Loyola University Medical Center) and *special* uses including forest preserve district (Miller Meadows and National Grove), several cemeteries, the Brookfield Zoo and the Riverside Golf Club.

Not far from Hines are residential areas representing a wide range of incomes from lower-income housing to homes of well over a million dollars in value.

Many of the more upscale residential areas are located near and around the hundreds of acres of forest preserves found in the area.

To add to the healthcare-related presence of Hines, is Loyola University Medical Center located immediately and contiguous to Hines. Based in the western suburbs of Chicago, Loyola University Health System (LUHS) is a recognized leader in providing specialty and primary health-care services and in conducting groundbreaking research in the treatment of heart disease, cancer, organ transplantation and neurological disorders.

Through its hub, Loyola University Medical Center (LUMC), located on a 70-acre campus in Maywood, IL, (Immediately adjacent to Hines to the east) Loyola has provided skilled, compassionate care to patients for more than 30 years.

- ◆ Foster G. McGaw Hospital is a teaching, tertiary-care, 536 licensed-bed facility that includes a Level 1 trauma center, Burn Center and an aeromedical service, Loyola Lifestar.
- ◆ Ronald McDonald Children's Hospital of Loyola University Medical Center provides a network of general and specialty services throughout Chicago's western suburbs at Loyola's primary care and family health centers. The hospital-within-a-hospital on the LUMC campus includes a 50-bed Neonatal Intensive Care Unit, a 16-bed Pediatric Intensive Care unit and 34 general pediatric beds.
- ◆ Cardinal Bernardin Cancer Center houses facilities for cancer research, diagnosis treatment and prevention under one roof.
- ◆ The Mulcahy Outpatient Center is equipped with general and specialized examination and treatment rooms, clinical laboratory, diagnostic radiology department and ambulatory.

The health system also includes:

- ◆ RIC&LOYOLA, a partnership between LUHS and the Rehabilitation Institute of Chicago, offering comprehensive rehabilitation services.
- ◆ 16 primary care centers and one ambulatory care center that are conveniently located in the western suburbs of Chicago.
- ◆ Loyola University Chicago Stritch School of Medicine, which is a national role model in reinventing medical education to prepare students for today's health care environment. Stritch also supports several research efforts:
 - Burn and Shock Trauma Institute is a multidisciplinary program that focuses upon prevention, treatment, education and research issues relevant to trauma and injury.
 - Oncology Institute coordinates Loyola's interdisciplinary approach to cancer research and treatment.
 - Cardiovascular Institute unites investigators who have backgrounds in a variety of disciplines to foster cardiovascular disease research to advance clinical care and to enhance post-graduate education.
 - Neuroscience and Aging Institute is a research program that focuses upon degenerative diseases and diseases of aging.

The Property can be divided into seven (7) subsections which are:

1. Main Buildings (8 Buildings)

A. Main Hospital (Bldg. 200)	596,954 S.F.
B. Psychiatric Facility (Bldg. 228)	203,080 S.F.
C. Outpatient Clinic/Research/Office (Bldg. 1)	584,000 S.F.
D. Spinal Cord Injury Unit (Bldg. 221)	31,300 S.F.
E. Nursing Home Care (Bldg. 217)	121,000 S.F.
F. Data Processing (Bldg. 215)	103,572 S.F.
G. Administration (Bldg. 2)	52,999 S.F.
H. Supply Depot (Bldg. 37)	<u>495,576 S.F.</u>
TOTAL	<u>2,188,481 S.F.</u>

These "Main Buildings" are currently deployed at their highest and best use. Consequently, the valuation methodology was based on comparable sales in the area on a per square foot basis multiplied by the square footage of the building. Some of the other buildings found on the site, but not included above may be integral to the operation of the above buildings. Consequently, these buildings would either need to be retained, or their function accommodated in a to-be-built building in close proximity to the Main Buildings. Furthermore, in order to maintain or increase the value of the Main Buildings, centralized parking (surface or deck) may need to be provided.

Based on the Main Buildings retaining their current use, depending on the building, values would range between \$50.00 to \$150.00/s.f.

2. Parcel A (Unimproved Land)

Unimproved land fronting Roosevelt Road consisting of 6.86 ± acres.

This land, currently "green space", could best be utilized as service/retail. With the strong demographics and the high daytime employee population, a retail development with outlots could support land values of \$9.00 to \$10.00/s.f.

3. Parcel B (Improved)

7.2 ± acres improved with three (3) older 3-story buildings (Bldgs. 50, 51 and 53).

4. Parcel C (Improved)

9.0 ± acre site (estimated) improved with six (6) three (3) story brick buildings (2 groups of three) (Bldgs. 12, 13, 14, 16, 17, 18) with a courtyard connecting the two groups.

5. Parcel D (Unimproved)

6.8 ± acre site, a former golf course, surrounded by VA Hospital facilities.

Land parcels B, C & D would offer excellent redevelopment opportunities for medical-related use to complement the existing Loyola University Medical Center and VA facilities. As in-fill sites, and lacking street exposure, proper access would need to be incorporated into any proposed site plan redevelopment of all three (3) parcels. Loyola would presumably be interested in this land, however, our valuation does not take into consideration any premium they would be willing to pay. These three (3) parcels, with a combined acreage of approximately 23 acres, would be valued at \$6.00 to \$8.00/s.f.

6. Residences (Improved)

Located south of Parcel B, this subsection consists of seven (7) 2-story brick residences (3 single-family units; 4 duplex units) (Bldgs. 23-29), situated on 10.6 acres ± (estimate) of land. Also included are two (2) separate multi-space garages which serve the seven (7) residential buildings.

Although there may be a local need for a residential component, which could be supported by the many professionals employed at the VA and Loyola Medical Center, this land parcel, similar to contiguous parcels B and C, would offer the greatest value, redeveloped as a

medical-related use. As with Parcels B, C and D, access is critical to developing an efficient use of the land, and values are estimated to be \$6.00 to \$8.00/s.f.

7. Proposed Daycare Center Site

Unimproved, 22,500 S.F. site previously slated for daycare use. This site is located on the southern edge of the Property.

This site, redeveloped as daycare would be ideal to service the large employee population (working mothers and fathers) in the immediate area. The site's limitations include poor street visibility, however, daycare demand may offset any deficiencies in location.

It is our opinion that if the land were sold to accommodate a daycare use, the .51-acre site would be worth \$8.00 to \$9.00/s.f.

VALUATION

1. Main Buildings

- A. Main Hospital** – Total building area of 596,954 S.F.
Value of \$100.00 to \$125.00/s.f. or \$59,695,400 to \$74,619,250
- B. Psychiatric Facility** – Total building area of 203,080 S.F.
Value of \$125.00 to \$150.00/s.f. or \$25,385,000 to \$30,462,000
- C. Outpatient Clinic** – Total building area of 584,000 S.F.
Value of \$50.00 to \$75.00/s.f. or \$29,200,000 to \$43,800,000
- D. Spinal Cord Injury Unit** – Total building area of 31,300 S.F.
Value of \$135.00 to \$150.00/s.f. or \$4,225,500 to \$4,695,000
- E. Nursing Home Center** – Total building area of 121,000 S.F.
Value of \$135.00 to \$150.00/s.f. or \$16,335,000 to \$18,150,000
- F. Data Processing** – Total building area of 103,572 S.F.
Value of \$80.00 to \$100.00/s.f. or \$8,285,760 to \$10,357,200
- G. Administration** – Total building area of 52,999 S.F.
Value of \$60.00 to \$75.00/s.f. or \$3,179,940 to \$3,974,925
- H. Supply Depot** – Total building area of 495,576 S.F.
Value of \$50.00 to \$60.00/s.f. or \$24,778,800 to \$29,734,560

- 2. Parcel A** – Total land area of 6.86 acres (298,822 S.F.)
Value of \$9.00 to \$10.00/s.f. or \$2,689,394 to \$2,998,216.
- 3. Parcel B** – Total land area of 7.2 acres (313,632 S.F.)
Value of \$6.00 to \$8.00/s.f. or \$1,881,792 to \$2,509,056.

- 4. Parcel C** – Total land area of 9.0 acres (392,040 S.F.)
Value of \$6.00 to \$8.00/s.f. or \$2,352,240 to \$3,136,320.
- 5. Parcel D** – Total land area of 6.8 acres (296,208 S.F.)
Value of \$6.00 to \$8.00/s.f. or \$1,777,298 to \$2,369,664.
- 6. Residences** – Total land area of 10.6 acres (461,736 S.F.)
Value of \$6.00 to \$8.00/s.f. or \$2,770,416 to \$3,693,888.
- 7. Daycare Center Site** – Total land area of .516 acres (22,500 S.F.)
Value of \$8.00 to \$9.00/s.f. or \$180,000 to \$202,500.



**North Chicago Medical Center
3001 Green Bay Road
North Chicago, IL 60064**

Broker's Opinion of Value

Prepared by: CB Richard Ellis

April 16, 2001

NORTH CHICAGO

BROKER'S OPINION OF VALUE

CB Richard Ellis ("CBRE") was engaged by Booz-Allen ("Client") to give a broker's opinion of value on the current market value of the fee simple interest of the property commonly known as **North Chicago – ("Property")**. This valuation is simply a broker's opinion and should you require a more detailed valuation, we would strongly suggest that you have a formal appraisal completed on the property.

It is important to understand that our direction was to give an opinion on what the Property would be worth if it was sold in an "as is" condition and based on the assumptions previously provided.

It is our understanding that this BOV will be used for internal decision making purposes by the VA. All statements of fact in this BOV report(s) which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of CBRE's knowledge and belief. CBRE may rely upon the accuracy of information obtained from others and material furnished to CBRE by Client.

In this BOV, we evaluated the following property:

North Chicago

- 3001 Green Bay Road
North Chicago, Illinois

This campus, the largest VA Facility, in terms of acreage, in the Chicago metropolitan area, consists of nearly 226 acres of which, 92 acres are part of a non-operational golf course, with the balance improved with sixty-six (66) separate buildings. The main buildings include general hospital, outpatient care/admin, patient care and nursing home. The total square footage owned is 1,618,031 S.F.

The process undertaken in this assignment is to do a complete broker's opinion of value presented in a summary report format. The report includes a summary description of the Property's location, site, and improvements, along with a summary of value analysis necessary to convey our broker's opinion(s) of value. Photographs, maps, and other pertinent exhibits have been included. Supporting data relating to the comparables and our valuation analysis will be retained in our files.

Our broker's opinion of value is based on both the cost and sales comparison approaches to value, as applicable, correlating our findings into a final value conclusion. However, it is important to consider that the reliability of the sales comparison approach is limited due to the somewhat specialized nature of the properties and the quality of truly comparable sales data available in this location. The value estimate(s) included in the report are as follows:

Market value "as-is" - the BOV will contain the following information:

- Age of the Property
- Size of the Property
- General description of site improvements
- Area Information
- Reconciliation and final value estimate

THE PROPERTY

The Property consists of 225.8 acres of land (9,835,848 S.F.) on which are located sixty-six (66) separate buildings totaling 1,618,031 square feet.

The Property is bound by:

- Broadway Avenue (south)
- Green Bay Road (west)
- Buckley Road (north)
- E.J.& E. Railway (east)

Included in the total acreage is a 92-acre non-operational golf course, which is currently leased to Finch University.

Of the sixty-six (66) buildings, the main buildings concentrated on the northwest corner of the site include the General Hospital Building, Nursing Home, Outpatient Care/Administration, Child Care Center/Administration and Patient Care. These buildings account for 697,381 S.F. or 43% of the total property-owned building square footage.

The balance of the Property includes improved and unimproved land sites and smaller 1 to 3-story brick buildings, some of which may be necessary in the operation of the main buildings.

AREA INFORMATION

North Chicago is located in Lake County and is situated on the shores of Lake Michigan. Incorporated as South Waukegan in 1891, the city changed its name to North Chicago in 1909.

Housing Types

Most of the homes in North Chicago are solid vintage homes with desirably sized lots and mature landscaping. The average home value in 1997 was \$87,651 and the average real estate taxes were \$1,833. Multi-family dwellings are widespread as well as apartment buildings.

Transportation

Sheridan Road and Amstutz Highway run north and south connecting North Chicago to the southern and northern suburbs. Airports are Milwaukee's Mitchell Field north 45 minutes or Chicago's O'Hare International Airport about 55 minutes away. Metra trains service downtown Chicago.

Schools

K-12 attends local North Chicago Schools. Nearby College of Lake County is a 2-year institution. Other opportunities for higher learning are available at Carthage College, University of Wisconsin-Parkside, Barat College and Lake Forest College.

North Chicago is located directly north of Chicago on Lake Michigan. It is the home of Great Lakes Navy Base, one of the largest naval training centers in the U.S.

Great Lakes, 2701 Sheridan Road, Great Lakes, IL includes the Naval Training Center, Recruit Training Command, Service School Command, and the Naval Hospital.

The active duty population is 16,719 with over 10,000 family members and 2,418 civilians.

The Property can be divided into five (5) subsections which are:

8. Main Buildings (5) Buildings)

A. Patient Care (Bldg. 131)	125,641 S.F.
B. General Hospital (Bldg. 133 & 133 CA)	383,216 S.F.
C. Nursing Home (Bldg. 134)	118,561 S.F.
D. Administrative/Child Care (Bldg. 135)	69,963 S.F.

TOTAL	<u>697,381 S.F.</u>
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The “Main Buildings” are currently deployed at their highest and best use. Consequently, the valuation methodology was based on comparable sales in the area on a per square foot basis multiplied by the square footage of the building. Some of the other buildings found on the site, but not included above may be integral to the operation of the above buildings. Consequently, these buildings would either need to be retained, or their function accommodated in a to-be-built building in close proximity to the Main Buildings. Furthermore, in order to maintain or increase value of the Main Buildings, centralized parking (surface or deck) may need to be provided.

Based on the Main Buildings retaining their current use, depending on the building, values would range between \$50.00 to \$150.00/s.f.

9. Buckley Road Frontage (Unimproved Land)

This land, currently improved with Buildings 48, 46 and a single-story garage, could best be utilized as service/retail. With the strong demographics and the high daytime employee population, a retail development with outlots could support land values of \$6.00 to \$7.00/s.f.

3. Green Bay Road Frontage (Unimproved Land)

This ± 20-acre parcel, currently improved with Buildings 12, 59, 60 and 61, and the historic Dewey House, could best be utilized as multi-family residential (Apartment/townhome/condo) to accommodate local housing demand from Great Lakes Naval Base, Chicago Medical School, and the area's larger employers (i.e. Abbott Labs). The value was based on a density of seven (7) units to the acre would be \$45,000-\$75,000 per acre.

4. Golf Course (Improved with Golf Course)

This 92-acre parcel, currently a non-operational golf course would as above, offer additional residential development opportunities for the area. Given the location and proximity to single-family homes to the south, this parcel was designated more for single-family residential based on three (3) units to the acre, resulting in values of \$30,000 to \$45,000 per acre.

5. Northeast Quadrant (Improved)

This ± 50-acre section of the site includes many functionally obsolete improvements that may or may not have an integral part in the operation of the Main Buildings. If so, as part of a

redevelopment of this quadrant, these functions would need to be relocated closer to the Main Buildings. Given the location of this portion of the site, the highest and best use would be the redevelopment as industrial use. The proposed co-generation power plant could be incorporated into an overall master plan that may include distribution, light industrial, and flex-tech. Consequently, if the land were sold to accommodate industrial use, the \pm 50-acre section of the site would be worth \$2.00 to \$3.00/s.f.

VALUATION

1. Main Buildings

- A. Patient Care** – Total building area of 125,641 S.F.
Value of \$125.00 to \$150.00/s.f. or \$15,705,125 to \$18,846,150
- B. General Hospital** – Total building area of 383,216 S.F.
Value of \$125.00 to \$150.00/s.f. or \$47,902,000 to \$57,482,400
- C. Nursing Home** - Total building area of 118,561 S.F.
Value of \$135.00 to \$150.00/s.f. or \$16,005,735 to \$17,784,150
- D. Administrative/Childcare** – Total building area of 69,963 S.F.
Value of \$80.00 to \$100.00/s.f. or \$5,597,040 to \$6,996,300

- 2. Buckley Road Frontage** – Total land area of \pm 6 acres (261,360 S.F.)
Value of \$6.00 to \$7.00/s.f. or \$1,568,160 to \$2,134,440
- 3. Green Bay Road Frontage** – Total land area of \pm 20 acres (871,200 S.F.)
Value of \$45,000 to \$65,000/acre or \$900,000 to \$1,300,000
- 4. Golf Course** – Total land area of 92 acres (4,007,820 S.F.)
Value of \$30,000 to \$45,000/acre or \$2,760,000 to \$4,140,000
- 5. Northeast Quadrant** – Total land area of \pm 50 acres (2,178,000 S.F.)
Value of \$2.00 to \$3.00/s.f. or \$4,356,000 to \$6,534,000



**Clement J. Zablocki Veterans
Administrative Medical Center
5000 W. National Avenue
Milwaukee, WI 53295**

Brokers Opinion of Value

**Presented by: CB Richard Ellis
4/24/01**



MILWAUKEE VAMC***THE BROKER'S OPINION OF VALUE***

CBRE was engaged by Booz-Allen to give a broker's opinion of value on the current market value of the fee simple interest of the property that makes 5000 W. National Avenue, Milwaukee, Wisconsin. This valuation is simply a broker's opinion and should you require a more detailed valuation, we should strongly suggest that you have a formal appraisal completed on the property.

It is important to understand that our direction was to give an opinion on what the property would be worth if it was sold in an "as is" condition.

It is our understanding that the BOV will be used for internal decision making purposes by the VA. All statements of fact in this BOV report(s) which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of CBRE's knowledge and belief. CBRE may rely upon the accuracy of information and material furnished to CBRE by Client.

In this BOV, we evaluated the following property:
Clement J. Zablocki Veterans Administrative Medical Center
5000 W. National Avenue
Milwaukee, Wisconsin 53295

The process undertaken in this assignment is to do a complete brokers opinion of value presented in a summary report format. The report includes a summary description of the property's location, site, and improvements, along with a summary of value analysis necessary to convey our broker(s) opinion(s) of value. Photographs, maps, and other pertinent exhibits have been included. Supporting data relating to the comparables and our valuation analysis will be retained in our files.

Our brokers opinion of value is based on both the cost and sales comparison approaches to value, as applicable, correlating our findings into a final value conclusion. However, it is important to consider that the reliability of the sales comparison approach is limited due to the some what specialized nature of the properties and the quality of truly comparable sales data available in this location. The value estimate(s) included in the report are as follows:

Market value "as-is" – the BOV will contain the following information:

- Age of property
- Size of property: (medical office space vs. hospital space)
- Foundation
- Parking
- Interior finish
- General site improvements
- Overall condition
- Recent history of the property
- Legal description
- Transportation access
- Area real estate data
- Functional adequacy of the site
- The scope of the BOV and the BOV challenges
- Reconciliation and final value estimate

THE PROPERTY



This property is comprised of 197.9 acres and 59 buildings and is located at the southeast quadrant of I-94 and US 41, three miles from downtown Milwaukee. The property is zoned T-40 Institutional. One building, The War Memorial Theater is on the historical registry and another building with historical value would require preservation. The total square footage of the buildings is 1,850,764 with the main ten-story hospital being 804,711 SF. There are 20 residential buildings and a variety of maintenance, lab and warehouse buildings.

The parking is ample and spread throughout the campus.

The general physical condition of the majority of the project buildings appears fair to poor. There is evidence of deferred maintenance and lack of ADA compliance. Visual inspection indicates the need for major overall repair and or replacement of roofing and mechanical systems.

Recent history of the property has seen little change in the property and facilities themselves. The largest redevelopment in the immediate area is the newly complete Miller Park Stadium at a cost of \$350,000,000 on the adjacent property to the north. This also brought reconstruction changes to the freeway interchange of I-94 and Hwy 41. Surrounding businesses have been revitalizing storefronts and facilities. Although many industrial facilities in the area are functionally obsolete, there continues to be office, residential and retail development in West Milwaukee and West Allis, south and west of this property.

The property is centrally located in the metro Milwaukee area. There are numerous bus lines that access the property. The immediate neighborhood to the south, west and east consists of older middle income residential and industrial facilities. This site is easily accessed from the freeway system.

There are two parcels of land that could be developable sites: the 3.5 acres at the corner of National and 55th St. and the 10 acres the southeast corner of the property. This area is not considered a strong office/retail submarket and is a transit point to the central business district downtown.

The scope of this BOV is substantial in that this property encompasses many challenges to retrofit and/or redevelop the land.

The feasibility of renovation for medical use is unlikely in that Milwaukee Grounds (approximately 3 miles west) has expanded to enlarge the County Hospital and Freordt Hospital and to relocate the Children's Hospital. All the major hospitals have repositioned themselves in the past 10

years with updated campuses and satellite clinics. The demand for medical care of this size is limited.

Redevelopment will be dictated by the allowable zoning of the City of Milwaukee. The demand for industrial use in this area is not recommended and doubtful that the municipality would support it.

This site is best suited for a mixed use that would include senior housing, office and service retail. The area is supported by a high-density elderly population that could easily convert into senior tenant/owners. It is possible that the main hospital could be converted to such a facility.

The potential for the main hospital to convert to Class B renovated office space is also possible, if the acquisition price could reflect a below market rental rate (i.e. \$6-\$8 net). Two examples of such conversions were: 1) The Schlitz Brewery which was 1,400,000 square feet of brewery buildings north of the central business district that reached 98% occupancy in the mid 1990 (approximately 10 year lease up time). The niche they filled was free surface parking, near downtown location, below market rates and renovated spaces. 2) Allis Chalmers, West Allis 800,000 square feet of antiquated corporate office and industrial space. Again, this property offered free surface parking, central location, and below market rates on renovated spaces.

The land value for the area ranges in the \$100,000-\$125,000/acre. Because of the need to retain the historical building and the Indian burial grounds, we feel the land value of this property to be approximately \$21,000,000. There were just two recent comparable sales that occurred in this submarket that were applicable. The first was a sale of a property located at 151 84th Avenue to Opus. Opus is a development company and they paid \$125,000 per acre for a 22-acre site. The second comparable land site is a site that sold in the Medical Center of Milwaukee County Research Park. The site was 3.9 acres and sold for \$115,636 per acre.

The main building is estimated to have a shell value of approximately \$20/sq. ft. totaling \$16,000,000. Because of the need to substantially renovate and/or raise many of the remaining buildings, we believe that their value is offset by this cost. Therefore, we believe that the current value of this property is \$37,000,000. Given the timing of the above mentioned projects, we believe a conversion to a mixed use would be 7-10 years and the timing to market the property to a developer could be 36 to 60 months.



William S. Middleton Memorial Veterans Hospital

**2500 Overlook Terrace
Madison, WI 53705**

Brokers Opinion of Value

Presented by: CB Richard Ellis

06/16/2001



MADISON VAMC***THE BROKER'S OPINION OF VALUE***

CBRE was engaged by Booz-Allen to give a broker's opinion of value on the current market value of the fee simple interest of the property that makes 2500 Overlook Terrace, Madison, Wisconsin 53705. This valuation is simply a broker's opinion and should you require a more detailed valuation, we should strongly suggest that you have a formal appraisal completed on the property.

It is important to understand that our direction was to give an opinion on what the property would be worth if it was sold in an "as is" condition.

It is our understanding that the BOV will be used for internal decision making purposes by the VA. All statements of fact in this BOV report(s) which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of CBRE's knowledge and belief. CBRE may rely upon the accuracy of information and material furnished to CBRE by Client.

In this BOV, we evaluated the following property:

William S. Middleton Veteran's Hospital
2400 Overlook Terrace
Madison, WI 53705

The process undertaken in this assignment is to do a complete brokers opinion of value presented in a summary report format. The report includes a summary description of the property's location, site, and improvements, along with a summary of value analysis necessary to convey our broker's opinion(s) of value. Photographs, maps, and other pertinent exhibits have been included. Supporting data relating to the comparables and our valuation analysis will be retained in our files.

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Market value "as-is" – the BOV will contain the following information:

- | | |
|---|---|
| ◆ Age of property | ◆ Recent history of the property |
| ◆ Size of property: (medical office space vs. hospital space) | ◆ Legal description |
| ◆ Foundation | ◆ Transportation access |
| ◆ Parking | ◆ Area real estate data |
| ◆ Interior finish | ◆ Functional adequacy of the site |
| ◆ General site improvements | ◆ The scope of the BOV and the BOV challenges |
| ◆ Overall condition | ◆ Reconciliation and final value estimate |

THE PROPERTY



This property is situated on 19.5 acres and has 17 building built between 1951-1970 with remodeling from 1990 to present. The total square footage is 618,517. The main hospital is 530,267 sq. ft. The foundation appears adequate, but no warranty as to condition.

Parking, although it is limited, appears to be adequate with the addition of the new VA parking lot from the Forest Products Lab. See attached site plans.

The overall condition of the property is a B+ with improvements, design, and parking all well coordinated. General site improvements seem to be in good repair and well maintained. Interior finishes vary throughout the facilities. Many renovations, including some made from University of Wisconsin funding, have made this a fairly modern and functional medical/research campus.

Recent history of the property has been most influenced by the surrounding property owned by the University of Wisconsin Hospital. The UW is land locked and has looked to the VA to share medical and research facilities. Often investing their own funds, the University has made and is proposed to make substantial improvements. The University of Wisconsin is currently a tenant in the VA facility paying \$25/sq. ft. The hospital's need for space will continue.

Functional adequacy of the site is very good with easy access off the main thoroughfare, University Avenue. The buildings are well signed and visible. The VA property is on the western side of the UW campus (see attached map). The University has been acquiring land at an aggressive rate for the past 10-15 years. Transportation access to the facility is excellent, with its central location in the city it is served by several bus routes. No legal description is available through the City of Madison.

The scope of the Broker Opinion of Value is immense and the challenges are the complexities of the varying buildings and their functions. Surrounded by other non-taxable land and buildings (UW) comparisons are difficult, other than assumed income approach through rental rates.

The highest and best use is a conversion into State and University medical and office facilities.

Reconciliation and final value estimate is based upon 80% assumption of occupancy at a net rate of \$10/sq. ft. with a 9% cap equaling \$47,000,000.

The estimated marking time for this facility is 18-24 months.

The comparables that we used for this valuation is:

- ◆ 2122 Luann Lane, Madison, WI. Two-story office building with exposed lower level containing a total of 20,000 square feet. Sale price \$775,000.
- ◆ 6706 Raymond Road, Madison, WI. 3, 720 square foot commercial / retail property. Sale price \$405,000. 9.6% cap rate. 90% occupied at time of sale.
- ◆ 433 W. Washington Avenue, Madison, WI. Five-story office building built 1965 containing 32,400 square feet. 100% occupied. Sale price \$1,875,000.
- ◆ 329 Coyier Lane. Single-story commercial building fully-occupied by the State of Wisconsin on a 3-year lease. Sale price \$210,000. 10.0% cap rate.